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SUMMARY RECORD OF THE 65th MEETING

Chairman: Mr. VILCHEZ ASHER (Nicaragua)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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The meeting was called to order at 3.30 p.m.

ORGANIZATION OF WORK

1. The CHAIRMAN invited the Committee to consider the informal documents issued by the Secretariat concerning the status of documentation and tentative programme of work for the third and final part of the resumed fiftieth session.

2. With regard to agenda item 114, "Review of the efficiency of the administrative and financial functioning of the United Nations", a number of reports had been submitted during the fiftieth session which the Committee had not been in a position to consider. He intended to suggest that the Committee should recommend to the General Assembly that it should take note of those reports.

3. With regard to agenda item 116, "Proposed programme budget for the biennium 1996-1997", the progress report of the Secretary-General on the implementation of the programme budget (A/C.5/50/57/Add.1) had just been issued, and the Advisory Committee on Administrative and Budgetary Questions had not yet considered it. The Committee might wish, therefore, to recommend that it should be deferred to the fifty-first session of the General Assembly.

4. Ms. RODRIGUEZ-ABASCAL (Cuba) inquired whether the Committee, in addition to taking note of the reports submitted under agenda item 114, would defer their consideration to the fifty-first session. The note by the Secretary-General transmitting the views of the Panel of External Auditors and the Board of Auditors on how oversight functions could be improved (A/49/471), was of particular importance to her delegation and should not be put aside without being considered.

5. Mr. ACAKPO-SATCHIVI (Secretary of the Committee) said that a decision would be proposed recommending to the General Assembly that it should defer consideration of that report to the fifty-first session, in accordance with General Assembly resolution 50/214, section III, paragraph 2.

6. Mr. REPASCHE (United States of America) said that his delegation did not support the proposal to take note of documents A/49/471 and A/C.5/49/65 under agenda item 114.

7. Mr. MENKVELD (Netherlands) recalled that his delegation had requested, at the beginning of the fiftieth session, that the issue of the placement of the Czech Republic and Slovakia in groups for the financing of peacekeeping operations should be considered. Both States had been Members of the Organization since January 1993, but had not yet been assessed. Their retroactive assessments, therefore, were growing ever larger. His delegation had been disappointed that the issue had not been placed on the agenda for the resumed session of the Committee, and saw no reason for further delay.

8. Mr. SCOTTI (France) said that his delegation wished to request instructions regarding the report on jurisdictional and procedural mechanisms for the proper

management of resources and funds of the United Nations (A/49/98 and Corr.1 and Add.1 and 2) before taking any decision.

9. Miss PEÑA (Mexico) said that her delegation also regretted that no progress had been made during the current session on the issue of the placement of the Czech Republic and Slovakia, and hoped that the issue would be taken up at the fifty-first session.

10. The CHAIRMAN said that he would take it that the Committee wished to proceed on the basis of the tentative programme of work for the third and final part of the resumed fiftieth session.

11. It was so decided.

AGENDA ITEM 113: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/50/985; A/C.5/50/51)

AGENDA ITEM 138: ADMINISTRATIVE AND BUDGETARY ASPECTS OF THE FINANCING OF THE UNITED NATIONS PEACEKEEPING OPERATIONS (continued) (A/48/622 and A/48/912; A/49/654; A/50/907, A/50/965, A/50/976, A/50/985 and A/50/1012)

12. Mr. YEO (Peacekeeping Financing Division) recalled that the Peacekeeping Reserve Fund had been established in 1992 by General Assembly resolution 47/217 as a cash flow mechanism for rapid response to the needs of peacekeeping operations at a level of $150 million, including a transfer of balances from UNTAG and UNIIMOG and an amount from the General Fund in accordance with resolution 42/216 A of December 1987. The report of the Secretary-General on that issue was contained in document A/48/622 and updated in document A/49/654.

13. The report of the Secretary-General on rates of reimbursement was contained in document A/48/912. Resolution 47/218 had called for a review of those rates, and to that end, information on actual costs had been requested from 57 troop-contributing States. Since only 20 replies had been received in 1992, it had not been possible to draw any clear conclusion. Six more responses had been received in 1993, and the results of the analysis of that information were contained in annexes 2 and 3 of the report.

14. He also drew attention to the reports of the Secretary-General concerning the Logistics Base in Brindisi, Italy. The establishment of the Base was discussed in document A/49/936; document A/50/907 dealt with its ad hoc financing through June 1996 and proposals for its funding on a 12-month basis through 30 June 1997, as well as funding modalities. Document A/50/965 addressed issues of accounting of peacekeeping assets and their management, the common system for inventory, and the NATO coding system.

15. Mr. ROBERTSON (Office of Conference and Support Services), introducing the report on the inventory control system (A/C.5/50/51), said that it had been prepared in response to complaints from both the internal and external auditors regarding the inventory control system for non-expendable property at Headquarters. In General Assembly resolution 49/216 A, the Secretary-General had been requested to address the need for a comprehensive physical inventory system. Individual departments had been active participants in taking the

inventory, since the Secretary-General intended to decentralize the system. A computerized inventory control system had been established and entered into the Paradox system because of a delay in the implementation of the Integrated Management Information System (IMIS). The inventory would be updated biennially, and a manual of procedures for property management for use by departments had also been developed.

16. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) introduced the Advisory Committee's observations and recommendations (A/50/985) on four reports by the Secretary-General, covering management and storage of surplus assets, including start-up kits; policy concerning valuation and transfer of assets between missions; inventory management and control; and the budget and financing of the Logistics Base at Brindisi.

17. The Advisory Committee had concluded that the concept of the Logistics Base at Brindisi was a good one and had recalled that the General Assembly, in its resolution 49/233, had welcomed its establishment. However, before the United Nations could derive the full value of the Base, a large number of issues must be addressed urgently. The concern of the Advisory Committee regarding the future operation of the Base had led it to submit the recommendations contained in paragraph 17 of its report. If accepted by the General Assembly, those recommendations should be implemented as a matter of urgency, especially the recommendation to carry out a cost-benefit analysis of the operation of the Base. In the meantime, the Advisory Committee recommended that the proposals of the Secretary-General regarding the budget should be approved (A/50/985, para. 25).

18. With regard to policy, technique and accounting issues, ACABQ recommended acceptance of the Secretary-General's proposals on the methodology for the accounting and transfer of peacekeeping assets (A/50/985, paras. 34 and 35).

19. Regarding the report of the Secretary-General on the inventory control system for non-expendable property at Headquarters, ACABQ welcomed the steps that had been taken at Headquarters to establish some system of inventory control, and trusted that the measures would be further improved and extended to other offices.

20. In its report the Advisory Committee commented on steps to improve inventory control for peacekeeping operations (A/50/985, paras. 30-33). The Advisory Committee had offered its views on the action taken by the Secretariat for the eventual establishment of a new coding system for peacekeeping inventory using the very sophisticated and potentially expensive NATO system. The Advisory Committee regretted that the report of the Secretary-General on the subject contained little information on the matter. It had requested additional information, which was reproduced in the annex to document A/50/985. It was not clear to the Advisory Committee why the Secretariat had not first examined the potential for using the current United Nations common coding system before experimenting with such a sophisticated inventory codification system.

21. Since ACABQ was not yet convinced of the need for a separate system it was recommending that, before a decision was made to use the NATO system, the

results of the pilot project should be reported to the General Assembly together with a comprehensive analysis of all possible alternatives to the development of a new codification system.

22. The report of the Advisory Committee on rates of reimbursement to troop-contributing countries (A/50/1012) was procedural. ACABQ noted that the survey carried out by the Secretariat and the data collected were out of date, and recommended postponement of action by the General Assembly pending submission of the results of an up-to-date survey taking into account the comments of ACABQ and such further guidelines as the General Assembly might wish to provide.

23. Turing to the Peacekeeping Reserve Fund, the report of ACABQ (A/50/976) provided information as of 31 December 1995 on the operation of the Fund, established at $150 million by General Assembly resolution 47/217 of 23 December 1992. Particular note should be made of paragraphs 5, 6, 7 and 12 of the Advisory Committee's report. As of 31 December 1995, an amount of $93,258,951 had been credited to the Fund, comprising $89,255,962 in transfers; $3,651,000 in interest income; and a voluntary contribution from Switzerland of $351,989. Amounts due to the Fund of $60,893,038 included $149,000 in accrued interest income. The Advisory Committee pointed out (A/50/976, para. 15) that the General Assembly should decide on the imputation of the interest income for the Fund. The Secretary-General had been requested to provide information at the fifty-first session on Member States' shares of the Fund. Finally, in view of the decreasing level of expenditure for peacekeeping operations, and taking into account the provisions of General Assembly resolution 49/233, the Advisory Committee saw no compelling reason to recommend an increase in the level of the Fund from $150 million to $400 million as proposed by the Secretary-General.

24. The recommendations of ACABQ on the financing of the United Nations Observer Mission in El Salvador (ONUSAL) were contained in document A/50/1018, paragraphs 8, 9 and 10.

25. Mr. KELLY (Ireland), speaking on behalf of the European Union and Cyprus, the Czech Republic, Estonia, Hungary, Poland, Romania and Norway, said that the issues raised in the reports of the Secretary-General and of the Advisory Committee were of fundamental importance for the effective administration and management of United Nations peacekeeping operations. The use, accounting and ultimate disposal of peacekeeping assets, as well as appropriate coordination between asset management and procurement, were issues which must be given careful consideration if Member States were to have confidence in the utilization of resources made available to the Organization to carry out peacekeeping operations.

26. The European Union regretted that it had not been possible to take up those matters, particularly the financing arrangements for the Logistics Base at Brindisi, at an earlier part of the resumed session. In the European Union's view, the Base's proposed budget would most appropriately be considered in the light of the debate on the mode of funding of peacekeeping support activities. He therefore concurred with the comments of the Advisory Committee in paragraph 11 of its report (A/50/985). He also shared the concern expressed by the Advisory Committee over the compartmentalized approach evident in the Secretary-General's reports and agreed that consideration of those important

issues was not facilitated by the apparent lack of a comprehensive policy on inventory and asset management.

27. The European Union would be interested in learning the current value of the assets being held at the Logistics Base and in receiving more information on the proposal to assign a central coordinating activity and a broad oversight and control function for peacekeeping assets in general to the Logistics Base. He had taken note of the Advisory Committee's comment that such a coordinating function would entail the purchase of sophisticated data-processing equipment, and would be interested to know whether the Secretariat had prepared any estimates of the costs that would arise. He would also be grateful for some elaboration of the ways in which effective coordination would be assured between Headquarters and the Logistics Base in carrying out the proposed functions. There would, in any event, be a need for a cost-benefit analysis of the operations of the Base as recommended by ACABQ. The European Union took note of the proposed staffing level of 33 posts; it would be most appropriate to decide on their financing in the light of the debate on the mode of funding of support activities for peacekeeping.

28. Turning to the report of the Secretary-General on the management of peacekeeping assets (A/50/965), the European Union had noted the comments of the Advisory Committee regarding the Secretary-General's proposal to develop a separate cataloguing and codification system for managing peacekeeping assets, based on the NATO codification system. It regretted the absence of information on the cost of introducing, administering and maintaining such a system and would appreciate receiving that information. The issue of developing an effective assets management system must be considered from as broad a perspective as possible, since it concerned all aspects of the Organization's activities, including procurement. A coherent approach, capable of being applied system-wide, was clearly called for.

AGENDA ITEM 126: FINANCING OF THE UNITED NATIONS OBSERVER MISSION IN EL SALVADOR (ONUSAL) (continued) (A/49/518/Add.2; A/50/735/Add.1 and A/50/1018)

29. Mr. YEO (Peacekeeping Financing Division), introducing the final performance report for the United Nations Observer Mission in El Salvador (ONUSAL) (A/50/735/Add.1), said that expenditures had exceeded the amounts approved for the operation and liquidation of ONUSAL, resulting in additional requirements of $826,000 gross for the period 1 December 1994-30 April 1995 and $16,300 gross, for the liquidation period 1-31 May 1995. By its decision 50/447 of December 1995, the General Assembly had approved an amount of $842,300 gross, but appropriation and assessment had been deferred to the resumed fiftieth session pending submission of the final performance report. The Advisory Committee had recommended approval of the Secretary-General's proposals (A/50/1018, para. 8).

The meeting rose at 4.15 p.m.